

STATUTORY REPORT

# WOODS COUNTY TREASURER

January 4, 2012



*Independently serving the citizens of  
Oklahoma by promoting the  
accountability and fiscal integrity of  
governmental funds.*



Oklahoma State  
Auditor & Inspector  
Gary A. Jones, CPA, CFE

**DAVID MANNING, COUNTY TREASURER  
WOODS COUNTY, OKLAHOMA  
TREASURER STATUTORY REPORT  
JANUARY 4, 2012**

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# Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

January 31, 2012

BOARD OF COUNTY COMMISSIONERS  
WOODS COUNTY COURTHOUSE  
ALVA, OKLAHOMA 73717

Transmitted herewith is the Woods County Treasurer Statutory Report for January 4, 2012. The engagement was conducted in accordance with 74 O.S. § 212.

The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during our engagement.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

GARY A. JONES, CPA, CFE  
OKLAHOMA STATE AUDITOR & INSPECTOR



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David Manning, Woods County Treasurer  
Woods County Courthouse  
Alva, Oklahoma 73717

Dear Mr. Manning:

For the purpose of complying with 74 O.S. § 212, we have performed the following procedures:

- Determine whether bank reconciliations are properly performed, visually verify the certificates of deposit, and confirm the investments.
- Determine whether subsidiary records are reconciled to the general ledger.
- Determine whether deposits and invested funds are secured by pledged collateral.

All information included in the bank reconciliations, the investment ledger, the subsidiary ledgers, and the general ledger is the representation of the County Treasurer.

Our county treasurer statutory engagement was limited to the procedures performed above and was less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, we do not express an opinion on any general-purpose financial statements of the County.

Based on our procedures performed, we have presented our findings in the accompanying schedule.

This report is intended for the information and use of the management of the County. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in blue ink that reads "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

GARY A. JONES, CPA, CFE  
OKLAHOMA STATE AUDITOR & INSPECTOR

January 5, 2012

**DAVID MANNING, COUNTY TREASURER  
WOODS COUNTY, OKLAHOMA  
TREASURER STATUTORY REPORT  
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**SCHEDULE OF FINDINGS AND RESPONSES**

**Finding 2012-1—Segregation of Duties**

Criteria: Accountability and stewardship are overall goals of management in the accounting of funds. To help ensure a proper accounting of funds, key duties and responsibilities should be segregated among different individuals to reduce the risk of error or fraud. No one individual should have the ability to authorize transactions, have physical custody of funds, and record transactions.

Condition: The County Treasurer's office has two deputies. The Treasurer does not formally segregate the duties of receipting, posting, and depositing daily collections. The Treasurer has one change drawer from which he and all deputies make change. One person may be responsible for receiving, receipting and depositing money and reconciling bank statements.

Effect: A single person having responsibility for more than one area of recording, authorization, custody of assets, and execution of transactions could result in unrecorded transactions, misstated financial reports, clerical errors, or misappropriation of funds not being detected in a timely manner.

Recommendation: OSAI recommends management be aware of these conditions and realize that concentration of duties and responsibilities in a limited number of individuals is not desired from a control point of view. The most effective controls lie in management's overseeing of office operations and a periodic review of operations. OSAI recommends management provide segregation of duties so that no one employee is able to perform all accounting functions. In the event that segregation of duties is not possible due to limited personnel, OSAI recommends implementing compensating controls to mitigate the risks involved with a concentration of duties. Compensating controls would include separating key processes and/or critical functions of the office, and having management review and approval of accounting functions.

Management Response: The County Treasurer's office has two deputies, a limited number of individuals in the County Treasurer's office. I have extensively observed our protocol, analyzed and implemented controls to mitigate the risk involved in the day to day operations of the office. The possibility of hiring the number of deputies for the "ideal" general accounting principles would not be cost effective or essential for smaller rural counties.

We understand that a limited number of individuals is not desired from a control point of view. Nevertheless, the budget and sensible business practices guides our decision of an efficient minimized staff.

The Woods County Treasurer's Office has a fine balance of being cross-trained and sustaining segregated duties. It is important to maintain this balance to keep the office running efficiently in the event we may lose an employee for a period of time and to minimize control risks.

**DAVID MANNING, COUNTY TREASURER  
WOODS COUNTY, OKLAHOMA  
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We maintain one cash drawer in our office. One cash drawer limits the amount of cash we keep in our office. If we kept three cash drawers, our control risk would multiply by three. The cash drawer consists of only \$150.00. It was recommended to me by the State Auditor's Office to keep \$50 in the drawer, but this is not enough cash in one drawer to make change. We would be in each others' cash trying to make change. It was then recommended I keep cash in the vault for making change. Again, this is not decreasing any risk. It is increasing risk. One cash drawer is the safest option for my office. The less cash kept in one place is the logical choice for this office. This drawer is counted and balanced on a daily basis.



OFFICE OF THE STATE AUDITOR AND INSPECTOR

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